

Message Text

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21

ACTION EA-10

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9521

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C O N F I D E N T I A L JAKARTA 9437

E.O. 11652: GDS

TAGS: ENRG EALR ID

SUBJ: ALI MOERTOPO SPEARHEADS' COUNTERATTACK

AGAINST PERTAMINA CRITICS

REF: JAKARTA 7892

BEGIN LIMITED OFFICIAL USE

1. SUMMARY. IN PAST TWO WEEKS, JAKARTA PRESS HAS WIDELY CIRCULATED SEVERAL EXPRESSIONS, IMPLIED EXPRESSIONS, AND ALLEGED EXPRESSIONS POWERFUL SUPPORT FOR PERTAMINA AND ITS PRESIDENT-DIRECTOR, GENERAL IBNU. INCIDENCE OF FAVORABLE STORIES ON PERTAMINA DEVELOPMENT PROGRAMS, PROJECTS AND PLANS, ESPECIALLY EMPHASIZING INFRASTRUCTURAL CONTRIBUTION AND SOCIAL BENEFITS, HAS BEEN HIGHER THAN USUAL. WHETHER THESE STORIES ARE DIRECTLY PERTAMINA-INSPIRED OR THE PRODUCT OF SOME CALCULATIONS AT THE PALACE LEVEL, THEY SEEM TO ACKNOWLEDGE, BY ATTEMPTING TO COUNTER, RUMORS THAT HAVE BEEN CIRCULATING TO SUGGEST GENERAL IBNU'S WINGS WERE TO BE FURTHER CLIPPED. END SUMMARY

2. PRESIDENTIAL ADVISER AND ESTABLISHED TECHNOCRAT ADVERSARY LIEUTENANT GENERAL ALI MOERTOPO (NEVER PREVIOUSLY IDENTIFIED AS SPECIAL IBNU ALLY) ACCOMPANIED GENERAL IBNU ON A TOUR OF PERTAMINA INSTALLATIONS IN EAST KALIMANTAN
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LAST WEEK. IN COURSE OF HIS TOUR ALI ADDRESSED "MILITARY

AND CIVIL LEADERS" IN BALIKPAPAN IN WELL-PUBLICIZED REMARKS IN WHICH HE QUOTED HIMSELF AS HAVING TOLD PRESIDENT SUHARTO IBNU WAS IRREPLACEABLE, AND PRESIDENT SUHARTO AS HAVING "INSTRUCTED" ALI THAT GENERAL IBNU SHOULD CONTINUE AS BEFORE TO RUN THE STATE OIL ENTERPRISE, "CATEGORICALLY DENYING" THAT GENERAL IBNU WAS TO BE REPLACED. ALI FURTHER DECLARED THAT FINANCIAL TROUBLES LIKE PERTAMINA'S WERE NORMAL IN TIMES LIKE THESE, AND CITED EXAMPOEL FO PAN AMERICAN'S DISTRSS AMONG OTHERS. HE REMINDED NEWSMEN THAT PERTAMINA'S EXTRA-OIL DVELOPMENT PROJECTS HAD ALL BEEN APPROVED BY PRESIDENT SUHARTO, AND DECLARED THAT PERTAMINA HAD PUT ITS BORROWINGS TO CONSTRUCTIVE PURPOSES. NEWSPAPER ACCOUNTS OF THE TOUR AND ALI MOERTOPO'S STATEMENT ALLUDED ALSO TO IMPRESSIVE LIST OF PERTAMINA PROJECTS IN EAST KALIMANTAN AND THEIR BRIGHT PROSPECTS.

3. THE PRESS CAME UP WITH A NEW REPORT ON 29 JULY, ALLEGING THAT THE PRG'S DR. ABS, ARCHITECT OF THE RE-SCHEDULING ARRANGEMENTS FOR PRESIDENT SUKARNO'S DEBT LEGACY, HAD HEADED A CONSORTIUM OF EUROPEAN BANKS PREPARED TO LEND PERTAMINA \$1.5 BILLION FOR A TERM OF 20 YEARS AT EIGHT RPT EIGHT PERCENT, WITH (AS IMPLIED IN ONE REPORT) SEVEN YEARS' GRACE PERIOD. THIS LOAN WOULD HAVE BEEN USED PRICNIPALLY FOR FINANCING KRAKATAU STELL PROJECT. PRG JAKARTA EMBASSY CLAIMS NO KNOWLEDGE THIS OFFER, BUT GENERAL IBNU CONFIRMED IT IN INTERVIEW THIS WEEK WITH AMERICAN NEWSMAN. IT DATES FROM APRIL THIS YEAR, HE SAID, AT WHICH TIME HE FORWARDED IT TO PRESIDENT SUHARTO FOR CONSIDERATION. (COMMENT: APART FROM SUBSTANCE THIS ACCOUNT, TIMING OF RELEASE IS SIGNIFICANT IN THT IT CONTRIBUTES TO CHORUS EXPRESSIONS OF CONFIDENCE IN PERTAMINA.)

4. BEK'S DAILY ON 1 AUGUST QUOTED REMAKRS OF NO LESS A PERSONALITY THAN FORMER VICE PRESIDENT AND FREEDOM FIGHTER DR. HATTA IN RESS CONFERENCE OF UNSPECIFIED DATE THAT PETTAMINA'S RICE ESTATE NEAR PALEMBANG HAD IMPRESSED HIM FAVORABLY, AND THAT THE CONDUCT OF PERTAMINA'S AFFAIRS WAS CONSISTENT WITH "ARTICLE 33 OF THE 1945 CONSULTATION" (PROVIDING FORLSTATE CONTROL OF KEY ECONOMIC

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ACTIVITIES AND THEIR OPERATION IN THE PEOPLE'S INTEREST). THESE REMARKS WERE MADE IN COURSE F VISIT TO RICE ES-TATE PROJECT ACCOMPANIED BY GENERAL IBNU. STORY CLOSELY FOLLOWED MATERIAL APPEARING IN SEVERAL PAPERS REPORTING BENEFITS OF RICE ESTATE PROJECT TO LOCAL PEOPLE.

5. SMILING PHOTO OG GENERAL IBNU TOGTHOR WITH PRESIDENT SUHARTO AND MINING MINISTER PROFESSOR MOHAMAD SADLI

APPEARED IN ALI MOERTOPO'S WEEKLY "NEW STANDARD" JULY 26
ISSUE OVER THE CAPTION "OLD COMRADES - PRESIDENT SOEHARTO
WITH TWO OF HIS FORMER PARTISAN COMRADES FROM THE
FIGHT FOR INDEPENDENCE..."

6. "NEW STANDARD" ALSO THE PLATFORM FOR 5 JULY STORY AT-
TRIBUTED TO PERTAMINA "WATCHER" CATALGOING PERTAMINA
ACHIEVEMENTS IN CREATING PETROLEUM PRODUCTS DISTRIBUTION
NET WORK IN INDONESIA, THUS CHANGING DAILY LIVES OF MIL-
LIONS OF INDONESIANS, PROVIDING RAW MATERIALS FOR SUB-
ORDINATE INDUSTRIES, REDUCING INDONESIA'S DEPENDENCE ON
FOREIGN SUPPLIERS FOR NUMEROUS COMMODITIES, PROVIDING
MAJRO SHARE OF STATE REVENUES. END LIMITED OFFICIAL USE

7. COMMENT: PERTAMINA AND ALLIES HAVE SIGNIFICANTLY STEPPED
UP THEIR PUBLIC RELATIONS CAMPAIGN SINCE COMPANY'S FINAN-
CIAL DIFFICULTIES CAME TO LIGHT, BUT CURRENT STORIES REP-
RESENT A NEW BURST OF ENERGY ASSOCIATED DIRECTLY WITH
MOST RECENT RUMORS. GENERLA ALI MOERTOPO NOTWITH-
STANDING, PRESIDENT SUHARTO'S ULTIMATE INTENTIONS RE-
GARDING THE GENERAL AND HIS EMPIRE REMAIN SHROUDED IN
MYSTERY, AND INDEED ARE PROBABLY NOT YET FULLY FORMU-
LATED. THE PRWSIDENT MAY VERY WELL FIND THE PERTAMINA
PUBLIC RELATIONS EFFORT TO HIS LIKING IF BY BALANCING
UNFAVORABLE PUBLICITY ABOUT PERTAMINA IT HLEPS KEEP HIS
OPTIONS OPEN. ALL SIGNS STILL SERVE TO EMPHASIZE
THAT COUTOME PERTAMINA ISSUE AND FUTURE OF IBNU HIMSELF
STILL FAR FROM SETTLED.
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